

Doing What's Right

By the Honorable David M. Walker
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Thank you, Susan, for that kind introduction. As you may know, Susan is a graduate of this law school and someone whose advice and counsel I have valued since she joined us as an Associate General Counsel five years ago. I know many students here tonight are weighing public service against private practice. Susan is a great example of someone who, after 20 successful years in private practice, recognized that public service could offer even greater rewards. As she mentioned, Susan is also someone who was attracted to GAO for its core values of accountability, integrity, and reliability, and she has done an outstanding job of applying them to our work on behalf of Congress and the American people.

I'm also happy to see several UVA students who will be joining GAO later this year. They are Elizabeth Beardsley, Lisa Hovey, and A.J. Stephens. I want to thank Dean Jeffries for his kind invitation to speak to you this evening at the start of this important annual conference. I also want to recognize Rachel Cella and Alex Pyke, the student co-chairs of this year's event.

Finally, I'd like to express my appreciation to Mortimer Caplin, the namesake of UVA's Public Service Center and the benefactor of many programs and scholarships on this campus. As you know, Mr. Caplin was a prominent tax professor here at UVA, served as IRS Commissioner under President Kennedy, and in recent decades has had a distinguished career in private practice. Clearly, he is a man for all seasons and a man for all sectors. Mort, thanks for being here this evening.

I know the University of Virginia (UVA) has a long and proud tradition of student self-government. Central to this tradition is the school's honor code, which, for more than 150 years has set a zero-tolerance standard for any student caught lying, cheating, or stealing. It's somewhat disappointing to realize that only a handful of schools, including the military academies, have instituted and enforced such a code. I firmly believe that the issue of character deserves far more discussion and far more emphasis in American society, in general, and in our educational system, in particular. Clearly, grades and extracurricular activities matter, but it seems to me that it's equally important for a student to have a strong character and a well-developed sense of right and wrong.

The founder of this University, Thomas Jefferson, recognized that the law and public service are two areas where integrity is essential. Society expects public officials, lawyers, CPAs, and other professionals to be models of good conduct. Clearly, in recent years, some of these individuals haven't lived up to those expectations. Many of them

have paid a heavy personal price, and the reputations of their organizations, institutions, and professions have been tainted. My agency, the U.S. Government Accountability Office (GAO), takes seriously its responsibility to lead by example both inside and outside of government. After all, you can't put a price on the GAO brand name, and we work hard every day, as we have for the last 85 years, to protect and enhance our reputation for honesty and independence.

GAO's Office of General Counsel plays an important role in that effort. Our attorneys weigh in on everything from bid protest decisions, to evaluations of federal programs and policies, to the legality and even the constitutionality of various agency actions. But our attorneys do far more than say "yea" or "nay." They play a key role in helping us to maximize value, manage risk, and ensure that GAO adheres to the highest ethical standards.

The philosopher and missionary Albert Schweitzer said, "Example is not the main thing in influencing others. It is the only thing." As anyone who knows me will tell you, I'm a big believer in the principle of "leading by example." In my view, leadership provides both an opportunity and an obligation to help show others the way forward and demonstrate how things can and should be done. Whether in government or private industry, those at the top must set the professional and ethical tone for the rest of their organization. After all, leaders who are credible and trusted are more likely to motivate and inspire others.

Successful leaders also take seriously their stewardship responsibilities, not just to their organizations and its stakeholders but to society as a whole and to future generations. In my view, every leader should try to leave his or her organization not just better off than when they came but better positioned for the future. This is equally true for a federal agency, a major corporation, or a nonprofit venture.

GAO's Core Values

Soon after I came to GAO in 1998, the agency officially adopted a set of three core values: accountability, integrity, and reliability. These core values supplement the requirements established by law and by professional standards, such as the Code of Professional Responsibility for our lawyers and Generally Accepted Government Auditing Standards for our auditors and analysts. If you come to Washington, D.C., you can see these core values over the entrance to GAO's headquarters. They appear on the cover of every blue-book report we issue. More importantly, they are in the hearts and minds of every GAO employee.

- Accountability describes what GAO does. Simply put, we help to ensure the accountability of executive branch programs and agencies to Congress and the American people.
- Integrity describes the character of GAO's people. On every assignment, GAO employees are required to be professional, objective, fact-based, non-partisan, nonideological, fair, and balanced. In fact, they have to certify to this on every job.

- Reliability refers to the quality of GAO's work. Reliability is why Members of Congress from both sides of the aisle regularly use GAO reports and other products as the basis for hearings, press conferences, floor debates, and legislation. Anyone who reads a GAO study can and should have confidence in the facts and analysis it contains. In fact, two recent peer reviews have cited GAO for its outstanding work and quality assurance procedures.

These core values guide everything we do. For example, they help guide our dealings with our major client — the Congress of the United States. It's important that we deal fairly and consistently with every Member of Congress who requests a GAO study. Frankly, we don't accept every job we're asked to do. Some requests are beyond GAO's scope of authority, some requests are clearly politically motivated, and some requests would have us look only at one side of an issue. With core values, we can sort through issues like these quickly and equitably.

We have only to look to recent accountability failures in the private sector to see what happens when individuals lack or stray from a set of core values. At Enron, Worldcom, and other companies, the unethical behavior of sometimes just a few corporate executives, auditors, and other professionals led to bankruptcies and restatements that have harmed countless shareholders, employees, and retirees. Many innocent parties lost their investments, their jobs, and their pensions. And some guilty parties lost their reputations and even their freedom.

Not surprisingly, public confidence in the integrity of the corporate financial reporting process took a big hit, and I see that one of tomorrow's panels will be addressing the topic of "Corporate Responsibility." In fact, one of the largest and most respected accounting firms in the world, one where I was a partner for almost a decade, paid the ultimate price. In less than two years, Arthur Andersen went from the CPA profession's "global gold standard" to gone. Why? Because a few professionals didn't properly exercise their professional responsibilities, Andersen's leaders didn't take the situation seriously enough, and the Justice Department then indicted the firm rather than just the responsible individuals.

Arthur Andersen was in the trust business. And once this trust was lost, it was almost impossible for the firm to recover. Government agencies, universities, law firms, and charities need to remember that they are also in the trust business. It can take years to earn a solid reputation and a strong degree of trust, but a reputation can be lost almost overnight if people stray from the qualities that made them and their organization great.

Unfortunately, concerns about truth and transparency aren't limited to the private sector. Washington got an unpleasant wakeup call when two government-sponsored enterprises, Fannie Mae and Freddie Mac, announced significant earnings restatements for recent years. We at GAO are doing all we can to prevent similar accountability failures in the federal government.

As many people have learned the hard way, it's not always enough just to do what is "legal." Don't misunderstand me. Since the founding of our republic 217 years ago, we've been a nation based on the rule of law. It is one of our great strengths as a country, and something we advocate to other nations. Over the years, those laws have helped to ensure that our government has remained accountable to the American people and true to the vision of our Founding Fathers.

But I think all of us have a right to expect more from people in positions of power, particularly high-ranking public officials. I firmly believe that leaders in all sectors of society should not just do what's legal, they should also strive to do what's right. These individuals should try to meet a higher set of moral and ethical standards. This isn't rocket science. In any situation, simply ask yourself how you'd like to be treated by others.

Life is full of difficult decisions, and the right choice isn't always easy or popular. But in my experience, principled choices based on solid facts and sound analyses are the surest way to a good reputation. And in the end, all any of us is left with is our reputation.

Government Accountability

Discussions about accountability in government all too often focus on infuriating cases of waste, fraud, abuse and mismanagement. We've all read news accounts of federal workers who abuse their government credit cards or contractors who over-bill the government. It's also become obvious that the government has been issuing far too many contracts and assistance payments for Hurricane Katrina relief that just don't pass the "straight-face" test.

I want to be clear here. We should have zero tolerance for waste, fraud, abuse, and mismanagement in federal programs. But candidly, we could cut out every dollar of waste, fraud, abuse, and mismanagement in government and we'd still face serious fiscal and other accountability challenges.

For example:

- Where's the accountability for spending increases and tax cuts that are unaffordable and unsustainable over time?
- Where's the accountability for government programs and tax preferences that aren't getting real results?
- Where's the accountability for federal programs and policies that are rooted in the past and no longer meet the needs of the American people?
- Where's the accountability for congressional "pet" projects, better known as earmarks, at a time of huge budget deficits?

Is it any wonder that the government's accountability challenges have gone from millions to billions to trillions of dollars?

At the same time, it's all too easy to lose sight of the biggest accountability problem in government today. And that's the continuing unwillingness of policymakers to face the facts, to take a long-term perspective, and to prepare our country for the large, known, and growing challenges that lie ahead.

Today, our world is vastly different from what it was 50 years ago or even 20 years ago. We face serious long-term challenges in several areas, some of them unprecedented in their size, scope, complexity, and potential impact. Unfortunately, several of these issues are getting too little attention, provoking too little concern, and prompting too little action.

At the top of that list is demographics. In the very near future, our aging population will begin to put enormous strains on our nation's pension and health care systems. Other emerging trends that warrant close scrutiny are globalization, new security threats, rapidly evolving technology, and a range of quality-of-life concerns affecting everything from education and health care to energy and the environment.

More urgently, America now faces four serious interrelated deficits – a budget deficit, a balance-of-payments deficit, a savings deficit, and a leadership deficit. In particular, our growing fiscal imbalance threatens our future economic growth, our future standard of living, and even our future national security. In recent years, America has been heading in the wrong direction on all four deficits. We have a window of opportunity to turn things around, but we need to act and act soon because the miracle of compounding is working against us. I've been talking a lot about these deficits lately, and I'd be happy to answer your questions on this or other topics after I've finished my remarks.

More than ever, both policymakers and the public need to face the facts and recognize that real reform and some degree of shared sacrifice are essential. After all, at the end of our days on this earth, we should be able to look our children and grandchildren in the eye and say we did everything we could to pass on an America that's better off and better positioned for the future. Unfortunately, based on where we're headed today, the "baby boom" generation isn't anywhere close to being able to do that.

Government Transformation

If our nation is to meet the challenges I've just mentioned, government transformation is essential. Way too much of government is on autopilot and based on social, economic, national security, and other conditions that existed when Dwight Eisenhower and Jack Kennedy were in the White House.

Nothing less than a top-to-bottom review of all major federal programs and policies is needed to determine if they are meeting their objectives. This will also help free up resources for other needs. Congress and the President need to decide which programs

and policies remain priorities, which should be overhauled, and which have simply outlived their usefulness.

To help in this effort, GAO has published an unprecedented report that asks a series of probing questions about current mandatory and discretionary spending and tax policies. Our report is called “21st Century Challenges: Reexamining the Base of the Federal Government,” and it’s free on our website at www.gao.gov.

Transforming government will take some time, and I’m pleased to say that it’s already happening in some agencies and departments, including GAO, the IRS, and the Defense Department’s Special Forces. In the end, it’ll take patience, persistence, perseverance, and even pain before we finally prevail in transforming government. But prevail we must. The stakes are simply too high for us not to.

Hurricane Katrina

I’d like to talk briefly about an issue that was the subject of this afternoon’s symposium, an issue that underscores the urgent need for government transformation. In fact, one of GAO’s congressional clients, Congressman Goode, participated in the symposium. What I’m talking about is the response by all levels of government – federal, state, and local -- to Hurricanes Katrina and Rita. GAO has a large and growing body of work on the government’s relief, recovery, and rebuilding efforts. In fact, we now have nearly 40 different jobs underway in this area.

Katrina and Rita put the capabilities of many government entities to the test. A few of them came through with flying colors, but many of them, notably FEMA, fell far short of getting even a passing grade. This is particularly disturbing given that many of the current response problems GAO has identified are very similar to ones that we identified back in 1992 following Hurricane Andrew. These include problems in vital areas like emergency communications and supplies and equipment.

GAO’s results are preliminary, but some of the key lessons learned from this disaster are already clear. First, it’s critically important that leadership roles for natural disasters are clearly defined and effectively communicated as early as possible. Second, our National Response Plan needs to be clearer, more consistent, and use more “common sense” approaches to natural disasters. Third, strong advance planning, training, and exercise programs are vital to ensuring that government is ready to act when it’s needed most. Fourth, a risk management decision making approach is necessary to build the nation’s capabilities and expertise to respond to natural disasters within current and expected resource levels. Fifth, given FEMA’s performance, questions have been raised about whether the agency should be disbanded and its functions moved elsewhere or whether it should be made an independent agency again. In my view, FEMA’s future may depend more on the quality of its future leadership and the adequacy of its resources than its organizational placement. After all, the Coast Guard is now part of the Department of Homeland Security and it performed very well during Katrina. Finally, it’s clear that the federal government will be working with state and local governments for some time to rebuild the Gulf Coast. What’s needed now is consensus on what rebuilding should take

place, including where and based on what standard; who's going to pay for it; and what oversight is needed to ensure that taxpayer dollars are spent appropriately.

Natural disasters tend to be high-profile tests of government's ability to act. But there are countless other areas in which our citizens depend on government for assistance.

While companies can and do help in many situations, it's important to remember the private sector's ultimate loyalty is to shareholders. Only the government is dedicated to serving the "greater good." It's vital that government is up to the job of meeting those needs. I am firmly convinced that government transformation will go a long way to ensuring that federal agencies and departments get the job done.

GAO : An Advocate of Good Government

Any government that values ethics and integrity needs to have a system of checks and balances. On the federal level, GAO plays an important oversight role. By providing Congress with the best available information on government programs and policies, GAO's actions help to ensure that these programs and the officials running them comply with the law and that every government official, no matter who they are, must answer to the American people. We at GAO have never wavered in our belief that the public deserves to be fully informed about all aspects of major government policies, programs, and operations. That's why we perform a range of oversight, insight, and foresight work, almost all of which is available to the public and on our website.

After all, ours is supposed to be a government of the people, by the people, and for the people. Sometimes, I think some folks forget the fact that the Constitution begins with the words, "We the people." In my view, these are the three most powerful words in that great document.

As Comptroller General of the United States, I take seriously my responsibility to speak out on a range of complex and sometimes controversial issues. It's not always an easy job, and sometimes people don't like what we have to say. But as Harry Truman once said about his "Give 'Em Hell Harry" nickname, "I never give anybody hell. I just tell them the truth and they think it's hell." I can assure you that GAO and I will continue to speak truth to power and tell it like it is.

Let me give you two recent examples of GAO's continuing commitment to transparency and accountability in government. First, as many of you probably know, back in 2002 we sued the Vice President over access to the records of his energy task force. This task force was created to develop federal policies on the exploration, production, and distribution of various sources of energy. This task force was no superficial undertaking. In fact, the panel's final report contained more than 1,000 recommendations for executive action or new legislation, including a provision that allows the Interior Department to waive all or part of the royalties due the taxpayers from energy exploration and production on federal lands.

On behalf of Congress, GAO tried to find out who attended the task force meetings, what topics they discussed, and how much it cost American taxpayers. GAO made exhaustive efforts to reach an accommodation with the administration on this information, and we ended up suing as a last resort. Unfortunately, the district court ruled against GAO on technical grounds, and for various reasons, including the fact that the decision was not a binding precedent and other parties were suing for the same information, we decided not to appeal. Since then, GAO has kept a close eye on access-to-records issues and their impact on our ability to do our work. So far, we haven't needed to issue another demand letter since that suit was filed. We hope we're never put into the position of having to go to court again. But candidly, if we're stonewalled in our attempts to get information that Congress legitimately needs to carry out its oversight and other constitutional duties, GAO is fully prepared to issue another demand letter and back it up with legal action.

More recently, GAO issued a legal opinion on video news releases (VNR), which federal agencies have been issuing with increasing frequency. VNRs are essentially government spin paid for with taxpayer dollars but which look an awful lot like legitimate news stories. Agencies provide VNRs to TV news stations to use on their nightly news programs, and they're usually run without disclosing that they are government advocacy rather than independent journalism.

GAO concluded that issuance of these VNRs violated the appropriations law banning so-called "covert propaganda." We ruled that prepackaged news stories produced by federal agencies must make clear that the government is the source of the information. This disclosure could be made by the so-called "reporters" who often appear in these pieces, or a written disclosure could be posted in a corner of the screen. The Administration rejected this guidance, but, based in large part on GAO's work, Congress permanently banned such "covert propaganda" as part of the fiscal 2006 appropriations bill.

GAO stands by its legal opinion on prepackaged news stories. Clearly, deceptive video releases violate the principles of transparency and accountability that are essential to a healthy democracy. In my view, the government's credibility is enhanced by openness, and the public is enriched by full and open debate. These actions also help build public trust in government. Frankly, the American people have a right to know when their government is trying to influence them with their own tax dollars!

Public Service: A Chance to Change the Future

The final topic I'd like to address tonight is the importance of public service. The simple but powerful truth is that effective and responsive government requires a first-rate workforce. To tackle current and emerging issues, government needs top talent at all levels, men and women who are able to think strategically and creatively, while acting decisively, ethically, and with compassion.

I know many of you here tonight are trying to decide how to use the excellent legal education you're getting at one of the nation's top 10 law schools. As you weigh your career options, I hope you'll continue to keep an open mind about public service as a way to contribute to your community, your nation, and your world. As someone who's divided his career between government and the private sector, I can tell that my experience at GAO and other federal agencies has been challenging, enlightening, and rewarding. It's given me a unique opportunity to help real people, people like the students on this campus, or retirees like your grandparents, or veterans who have fought to defend this country.

Opting for public service is an honorable choice. It attracts people who are more dedicated to the word "we" rather than "me," people who are more interested in building their self-worth rather than their net worth. Public service also attracts people who take seriously their stewardship responsibilities to current and future generations. If this describes you, I hope you'll consider giving at least a few years of your life to working for the greater good, whether it's at a government agency, a nonprofit organization, or elsewhere. If you do, I'm confident it'll be a decision you'll never regret and never forget.

In closing, as we seek to address the many challenges and capitalize on the opportunities of the 21st century, we need more leaders in government and other sectors of society who embody four key attributes: courage, integrity, creativity, and stewardship. We need leaders who have the courage to state the facts, to speak the truth, and to do the right thing, even if it's controversial. We need leaders who have the integrity to lead by example and practice what they preach. We need leaders who are able to innovate, develop new solutions to old problems, and help show others the way forward. Finally, we need leaders who understand that they have an obligation to others and are dedicated not only to maximizing results today but building a better tomorrow.

Finally, I'd like to quote from a UVA law school alumnus, someone who was a great believer in the potential of government to improve the lives of its citizens. In his 1968 campaign for president, Robert Kennedy said, "Some men look at things the way they are and say why. I dream of things that never were and ask why not." These timeless words resonate particularly well today. Please join me in stating the facts, speaking the truth, and trying to make a positive and lasting difference for our country, our children, and our grandchildren. Working together and with others, we can help keep American great not just for today but for tomorrow.